GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:501
ANSWERED ON:24.11.2006
LOSSES IN SEZ
Sen Smt. Minati

Will the Minister of FINANCE be pleased to state:

(a) whether any estimate of revenue losses incurring due to Tax holidays awarded to Special Economic Zones and Export Zones has been made by the Union Government;

(b) if so, the details thereof; and

(c) the steps taken by the Government to make good the short fall of revenue?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) Yes Sir.

(b) The revenue loss over the period 2006-07 to 2009-2010 is estimated to be Rs.1,02,621 crores. Out of this, the revenue loss on account of direct taxes is estimated to be Rs.53,740 crores and on account of indirect taxes, it is estimated to be Rs. 48,881 crores.

(c) The Government is engaged in a continuous process of improving compliance and augmenting revenue collection. However, such initiatives are intended to collect the full amount of tax due from the legally defined tax base. To the extent tax concessions to units in SEZs erode the legally defined tax base, the revenue loss is permanent.